

**CALIFORNIA PUBLIC EMPLOYEES' RETIREMENT SYSTEM
BOARD OF ADMINISTRATION
LINCOLN PLAZA NORTH
400 Q STREET, ROOM 3340
SACRAMENTO, CA 95811**

August 12, 2010

**NOTICE OF MODIFICATION TO
TEXT OF PROPOSED REGULATIONS**

**COMMENTS REGARDING INITIAL
STATEMENT OF REASONS**

NOTICE OF MODIFICATION

Pursuant to the requirements of Government Code section 11346.8(c), and Section 44 of Title 1 of the California Code of Regulations, the CalPERS Board of Administration ("Board") is providing notice of modification to the proposed amendments of Sections 559 of Title 2 of the California Code of Regulations. The amendments as originally proposed were the subject of a Notice of Proposed Regulatory Action published in the California Regulatory Notice Register, Register 2010, No. 14-Z, April 2, 2010, OAL Notice File Number Z-2010-0323-04. As published in the California Regulatory Notice Register on April 30, 2010 the hearing date was changed from May 17, 2010, to June 14, 2010, the comment period was extended to June 14, 2010, and the Initial Statement of Reasons was revised. A public hearing was held on June 14, 2010. At the hearing, the Board directed staff to consider certain amendments discussed at the meeting. Written comments were received that were not specifically considered by the Board on June 14, 2010, since they were not received in time to be considered at the hearing. Staff has reviewed all the comments received pursuant to the April 2, 2010 and April 30, 2010 notices. Staff has made amendments to the proposed regulation based on those comments. Please note the two forms, "CalPERS Placement Agent Information Disclosure Form – Proposed and New Investment Agreements" and "CalPERS Placement Agent Information Disclosure Form – Amendments" already noticed, have also been amended and incorporated by reference into the proposed regulation.

If you have comments regarding the amended proposed regulation and/or forms incorporated by reference, you may submit them in writing to the Board between August 12, 2010 and August 26, 2010. All written comments must be received by 5:00 p.m. on August 26, 2010. Comments may be submitted by fax at (916) 795-4607; e-mail at the following address: marte.castanos@calpers.ca.gov or mailed to the following address:

California Public Employees' Retirement System
400 Q Street, Room 3340
P.O. Box 942702
Sacramento, CA 94229-2707
Attn: Marte Castaños, Senior Staff Counsel
Telephone: (916) 795-3675

The Board is accepting comments only on the proposed modifications to the proposed regulation and forms incorporated by reference. All written comments on the proposed modifications that are received by August 26, 2010 will be reviewed and responded to by the Board's staff as part of the compilation of the rulemaking file. It is anticipated that the Board, acting through the Investment Committee, will consider modified regulations on September 13, 2010*. Additional modifications may be made in response to comments received during the notice period and/or comments made by the Board at the September 13, 2010 public meeting. If necessary, additional public notice and comment periods may occur depending on whether additional changes to the proposed regulation are made and the substance of those modifications.

COMMENTS REGARDING THE INITIAL STATEMENT OF REASONS

The Initial Statement of Reasons stated that there would be no cost impacts on representative private persons or businesses. That statement is erroneous. CalPERS believes there will be some cost impact on representative private persons or businesses. See completed Form 399 dated March 23, 2010 for an estimate of cost impacts on representative private persons or businesses.

The Initial Statement of Reasons also stated that there would be no cost impact on any state agency. That statement presumed that the impacts would be absorbable and consistent with costs already being incurred by CalPERS and other state agencies.

*NOTE: A correction was made to the Board of Administration Investment Committee meeting date from September 16, 2010 to September 13, 2010.